

Message Text

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SUBJECT: SAMSUNG PETROCHEMICAL PROJECT

1. WILLIAM R. HUTCHINSON, ASSISTANT TREASURER, STANDARD OIL COMPANY (INDIANA), REPRESENTING AMOCO INTERNATIONAL LTD., A PARTNER WITH SAMSUNG PETROCHEMICAL CO., LTD., HAS REQUESTED EMBASSY ASSISTANCE IN REPLYING TO SEVERAL EXIMBANK QUESTIONS CONCERNING SUBJECT PROJECT:

A. QUESTION: WILL THE KOREAN GOVERNMENT RESTRICT IMPORTS OF PTA WHEN SUBJECT PROJECT COMES ON STREAM?

ANSWER: IT IS THE GENERAL POLICY OF ROKG TO PROHIBIT IMPORTS OF PRODUCTS BEING PRODUCED IN KOREA. EMBASSY SOURCE INDICATES SUCH WOULD BE THE CASE WITH PTA PROVIDING SAMSUNG PETROCHEMICAL CAN SATISFY LOCAL DEMAND.

B. QUESTION: WOULD ROKG ENCOURAGE CONVERSION OF LOCAL PLANTS FROM DMT TO PTA?

ANSWER: VOLUNTARY CONVERSION WOULD CONTINUE BASED ON ECONOMIC FACTORS. SAMYANG AND KOREA POLYESTER CONVERTED IN 1975 AND TONGYANG CURRENTLY IN PROCESS OF CONVERTING. OTHERS WOULD BE EXPECTED TO FOLLOW WHEN LOCAL SUPPLY OF PTA IS AVAILABLE, AS ECONOMICS FAVOR IT.

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C. QUESTION: ARE THE KOREAN COMPANIES, WHO ARE EXPECTED TO

BECOME CUSTOMERS FOR PTA, ON A SOUND FINANCIAL BASIS?

ANSWER: SUNGKYUNG POLYESTER; DAE HAN SYNTHETIC; SAM YANG; KOREA POLYESTER INDUSTRIES; CHEIL SYNTHETIC TEXTILE COMPANY; TONG YANG ARE AMONG THE LARGEST AND BEST OPERATED OF KOREAN COMPANIES. POST HAS WTDR REPORTS ON THESE SIX COMPANIES WHICH ARE IN THE PROCESS OF BEING UPDATED. THEY WILL BE AVAILABLE TO EXIMBANK SHORTLY.

D. QUESTION: WHAT PLANS DOES THE ROKG HAVE FOR EXPANDING THE KOREAN TEXTILE INDUSTRY?

ANSWER: LOCAL PRESS REPORTS, QUOTING INFORMED SOURCES, INDICATE WON 950.3 BILLION INCLUDING DOLLARS 903.2 MILLION IN FOREIGN EXCHANGE WILL BE REQUIRED TO IMPLEMENT THE 1975-1981 TEXTILE EXPANSION PLAN. THE PLAN ENVISIONS INCREASING DAILY PRODUCTION OF CHEMICAL FIBER/YARN FROM 936.4 TONS TO 1,370.4 TONS, INCREASING TOTAL OF COTTON SPINDLES FROM 3.0 MILLION TO 4.3 MILLION, INCREASING THE NUMBER OF LOOMS FROM 112,911 TO 156,501, AND RAISING THE NUMBER OF OTHER TEXTILE MACHINES FROM 161,801 TO 245,547.

2. EMBASSY SOURCES AT EPB INDICATE THE SAMSUNG PETROCHEMICAL PROJECT WILL BE IN THE QUOTE HIGH PRIORITY GROUP UNQUOTE ON THE EPB 1976 LIST OF PRIORITY PROJECTS FOR EXIMBANK FINANCING. THIS LIST IS PRESENTLY IN PREPARATION AND WILL BE READY WITHIN A MONTH.
ERICSON

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